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C O N F I D E N T I A L SECTION 01 OF 03 ISLAMABAD 003945

SIPDIS

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TAGS: [PGOV](#) [PREL](#) [PTER](#) [EAID](#) [PINR](#) [PK](#)
SUBJECT: BHUTTO ASSASSINATION COMMEMORATED: A YEAR NO ONE
WOULD HAVE PREDICTED

REF: A. 07 ISLAMABAD 5358
[¶](#)B. ISLAMABAD 3463

Classified By: Anne W. Patterson for reasons 1.4 (b), (d).

[¶](#)1. (C) Summary: On the one-year anniversary of the assassination of Benazir Bhutto, the Pakistan People's Party (PPP) -- in control of government again -- prepares to commemorate the life of its slain leader. This December 27 will see day-long speeches and memorials across the country. Bhutto's widower, President Asif Zardari, may limit his participation due to security concerns. A parallel memorial at Bhutto's mausoleum, with anti-Zardari slogans, is possible, say some PPP contacts. PPP leaders will likely once again call for an independent, Hariri-style investigation by the UN into her killing. The commemorations, however, are unlikely to divert attention from the security and economic crises that have overtaken the country in the last year. Since Bhutto's assassination, Pakistan has experienced a year of continuous suicide and bomb attacks. The PPP's new leader, President Zardari, continues to consolidate his authority over his party and to organize a credible government. As Bhutto's life and death are remembered on December 27, many wonder whether Pakistan would have been any different if Bhutto had survived. End summary.

A Year Ago: Remembered

[¶](#)2. (C) Last December 27, Pakistan People's Party (PPP) leader Benazir Bhutto wrapped up her Rawalpindi campaign rally and jumped into her armored SUV to head back to Zardari House in Islamabad. According to those close to her, she sent off some quick emails on her blackberry and prepared for a long night of meetings, including one with visiting Codel Specter. She then popped out of the SUV's sun-roof to wave to the hundreds of voters gathered along the road yelling: "Long live Bhutto." A little over an hour later, Bhutto's husband Asif Zardari called the Ambassador from Dubai to say that his wife was gravely injured and at death's door; local media was still reporting that Bhutto had merely been injured in yet another assassination attempt.

[¶](#)3. (C) The PPP-led GOP, brought to power in large measure because of Bhutto's martyrdom, has declared this December 27 a holiday. The party has sponsored events throughout the country since November 30. On the anniversary, Zardari, Bhutto's children (including her political successor, son Bilawal) and most of the cabinet, will at some point pay

their respects at her tomb. According to Zardari's sister and parliamentarian Faryal Talpur, Zardari's appearance may be canceled at the very last minute because of security concerns; some PPP contacts have also mentioned the possibility of a very short stopover in the middle of the night. Throughout the day, though, hundreds of thousands of PPP loyalists are expected to pass through the Bhutto mausoleum in Naudero (Larkana), Sindh. Some PPP contacts warn of competing memorials in Naudero, with Sindh party workers chanting anti-Zardari slogans.

¶4. (C) Thousands are also expected to gather at the Rawalpindi site of Bhutto's final public appearance, and party district offices are charged with holding commemorations throughout the country, which should occur without incident, say Post's PPP contacts. If there are clashes between pro- and anti-Zardari factions or PPP adherents and police, PPP interlocutors have already ginned up conspiracies about dirty tricks by "the establishment" -- military and intelligence agencies. Party leaders are scheduled to address the various crowds throughout the day. In their public remarks, PPP leaders will likely push once again for a Hariri-style UN investigation into Bhutto's assassination. The government's repeated request for such an investigation also feeds conspiracy theories.

In Her Name, But Not In Her Footsteps

¶5. (C) Soon after the assassination, Zardari maneuvered to assert his authority over the PPP. Party insiders debate

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whether Zardari took such quick action for his own aggrandizement or to ensure his children's most valuable inheritance. Bhutto had micro-managed the PPP since the mid-1980s, when she successfully consolidated her power; Zardari's task is more difficult and remains unfinished. He has thus far minimized challenges within the party, but his grip on the party is not absolute. Factions, small for now, persist -- Sindhi feudal families who consider Zardari a lower caste interloper, former Bhutto advisors who recall their boss pointedly excluding Zardari from party decision-making, and backers of estranged party elder Makhdoom Amin Faheem who led the PPP in Pakistan through Bhutto's 11-year exile.

¶6. (C) A year ago, Bhutto was the undisputed leader of the opposition, having negotiated her return with former President-General Pervez Musharraf. Though polls at the time showed she took a hit for such coziness, Bhutto also was credited for paving the way for rival Nawaz Sharif's return and for pushing forward with federal and provincial parliamentary elections. She had proposed a continued Musharraf presidency and a possible parliamentary alliance with his Pakistan Muslim League (PML). Though Zardari has survived longer than many commentators thought he would, he was originally forced into coalition with Sharif's Pakistan Muslim League-Nawaz (PML-N). Nawaz is now the undisputed leader of the opposition, a mantle stolen from the PPP almost immediately upon Bhutto's death. And with the PML-N again out of government, Zardari has to rely on Pakistan's smaller parties to stay in power.

Tactics, Not Strategy

¶7. (C) The security and economic crises faced by the GOP today would have undoubtedly occurred even if Bhutto had survived. Her position inside the PPP, however, would have been absolute. Admittedly, polls showed then that her "marriage of convenience" to Musharraf had dragged down her and her party's popularity in the run-up to the parliamentary elections. Those elections would not have diverted their game of chicken -- Bhutto able to push for Musharraf's impeachment and to put the mob on the streets; Musharraf able

to withdraw the National Reconciliation Ordinance's (NRO) indemnity or to lift the ban on her third-time prime ministership. During the initial months in power, Zardari privately admitted to visiting VIPs: "My wife could have handled all this better than me."

¶8. (C) Since Bhutto's assassination, Pakistan has experienced a year of continuous suicide and bomb attacks. Her assassination prompted the PPP to make terrorism a major focus of its government and brought terrorism, as an issue, into focus for urban Pakistanis. Zardari often cites his wife's death as an example of how terrorism has affected him directly. He often adds: "This is Pakistan's war." Extremists now are more brazen, expanding operations outside of the Federally Administered Tribal Areas (FATA) into the settled areas of the Northwest Frontier Province (NWFP) and urban centers of Islamabad/Rawalpindi, Lahore, and Peshawar. In response, Zardari has supported large-scale Army operations in Bajaur and Mohmand Agencies (FATA), and in Swat (NWFP), and the issue is moving from whether the GOP has the will to take on militancy to a question of the security forces' capacity to be effective. The reality is, however, that the writ of the PPP government is very weak in the FATA and NWFP, with increasing numbers of suicide attacks and kidnappings against government, political, and military targets.

¶9. (C) The PPP has also had the misfortune to come to power on the eve of a global economic meltdown; the PPP-led GOP has aggravated inherited domestic economic difficulties, delaying action for nearly six months. By the time Shaukat Tareen was appointed (de facto) Finance Minister, he faced depreciation of the rupee, capital flight, and a dramatic drop in foreign exchange revenues. Commodity prices also shot up, draining the federal treasury further because of mandated subsidies, and electricity blackouts continued into the winter, causing industries to shutter their doors. Now, the GOP faces a deteriorating macro-economic situation. Economic growth

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moderated to 5.8 percent, well below the target of 7.2 percent. Inflation has shot up to 25 percent, and food inflation, in particular, is up 31.7 percent. Pakistan's external current account deficit is at 8.4 percent of gross domestic product (GDP). There are, however, plans to introduce crop insurance, and the GOP has established a Benazir Income Support Program to provide cash relief to the poorest three million Pakistanis, encouraging wives and mothers to apply. The government has reduced many, but not all, energy subsidies. And Zardari approved a 23-month stand-by arrangement with the International Monetary Fund (IMF) which has had a stabilizing effect on the immediate economic outlook.

Scatter-shot Achievements

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¶10. (C) There has been progress, or at least announced intentions, on a variety of other fronts. The GOP has slowly restored the majority of judges fired by Musharraf in November 2007. It has named PML-N's Opposition Leader Chaudhry Nisar as Chairman of the Public Accounts Committee (PAC) that oversees federal spending; there are plans to abolish the National Accountability Board (NAB) and replace it with an allegedly non-partisan review entity.

¶11. (C) The PPP has reached out to Baloch nationalists in a bid to reduce growing violence in Balochistan. The GOP is reviewing how to amend the Musharraf-era reform of local governance, which is blamed for undermining law and order because municipal control over the police was weakened. Also under consideration are amendments to the Frontier Crimes Regulation (FCR), which is the tribal areas' legal code, and a plan to allow political parties to operate in FATA.

¶12. (C) Given friction between the Education and Religious

Affairs Ministries, the GOP has wisely put proposals for new madrassah reforms under the direction of the Interior Ministry. Restrictions on student and trade unions have been lifted, and the GOP announced it is working on a way to commute death sentences to life imprisonment. Musharraf-era restrictions on the media largely have disappeared. There are plans to increase women's rights by allowing them to hold land titles. The GOP increased the effective minimum wage and increased government pensions.

¶13. (C) Comment: Just days away from parliamentary elections when she was assassinated, Bhutto had spoken extensively at public rallies and, in private, with the Ambassador about her intentions. Her staff revealed to PolOff Bhutto's plans to return to the prime ministry for the third time. Bhutto told DepPolCouns she would work to combat terrorism and militarism; she viewed the latter as a greater threat to Pakistan. Though Zardari's government at times appears rudderless, lacking the grand design that Bhutto supposedly had for her return and maintenance in power, this PPP-led GOP has achieved some success toward institutionalized democratization, made a few tough decisions on a worsening economic outlook, has largely been a friend to the USG, and adopted an unpopular war on terror. End comment.

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